

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE
CONTRACT 7 (MC2015-75)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2015-114

**NOTICE OF UNITED STATES POSTAL SERVICE OF
CHANGE IN PRICES PURSUANT TO AMENDMENT TO
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE CONTRACT 7**
(July 8, 2016)

The Postal Service hereby provides notice that prices under Priority Mail & First-Class Package Service Contract 7, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail & First-Class Package Service Contract 7 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days after the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 8, 2016

ATTACHMENT A

**REDACTED AMENDMENT TO PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 7**

**AMENDMENT
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PRIORITY MAIL SERVICE
AND
FIRST-CLASS PACKAGE SERVICE**

This amendment amends the Shipping Services Contract signed June 29, 2015, regarding Priority Mail Service and First-Class Package Service, made by and between [REDACTED] ("Customer") and the United States Postal Service ("the Postal Service" and such contract, the "Contract").

WHEREAS, the Parties desire to amend the terms in Sections I.G., I.H. and I.I. of the Contract.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace the first paragraph in Section I.G., as follows. Sections I.G.1 and I.G.2, and Tables A-B-C shall remain unchanged.]

- G. Contract Prices. From the effective date of this amendment through July 31, 2016, Customer shall pay [REDACTED] for all PM Contract Packages and FCPS Contract Packages. For the period August 1, 2016 through September 30, 2016 ("2016 Exception Period"), Customer shall receive contract prices based on the average zone of PM Contract Packages, as detailed in Table A subject to adjustment based on the FCPS Contract Package Percentage ("FCPS Percentage") and the average weight of PM Contract Packages shipped July 9, 2016 through July 31, 2016, as detailed in Table B and Table C, respectively. The Postal Service will notify Customer and make effective the 2016 Exception Period price no later than August 15, 2016. If the 2016 Exception Period price is not made effective on August 1, 2016, Customer shall continue to pay the initial amendment price above until the 2016 Exception Period price takes effect. In subsequent quarters, Customer shall receive contract prices based on the average zone of PM Contract Packages, as detailed in Table A, subject to adjustment based on the FCPS Contract Package Percentage ("FCPS Percentage") and the average weight of PM Contract

Packages shipped during the previous Contract Quarter, as detailed in Table B and Table C, respectively. Notwithstanding, the Postal Service may elect to make a smaller adjustment to Customer's customized prices in any subsequent Contract Quarter. Throughout the term of this contract, the subsequent Contract Quarter's contract price will be made effective within fifteen (15) days after the close of each Contract Quarter.

[Replace Sections I.H and I.I in their entirety, as follows:]

- H. Quarterly Business Reviews. The Parties shall, within fifteen (15) days after the conclusion of each Contract Quarter in each Contract Year, jointly conduct a business review of Customer's Contract Packages and other performance expectations under this contract either in person, by telecom or by webinar. If either Party is unable to conduct a business review within fifteen (15) days after the conclusion of the above referenced contract quarters, it shall notify the other Party in writing (i.e. email or mail) of that fact and propose a date as soon as practicable thereafter. The Postal Service must notify Customer, within fifteen (15) days after the start of each Contract Quarter, of the subsequent Contract Quarter's calculated rate based on Contract Packages shipped during that Contract Quarter. The subsequent Contract Quarter's contract price will be made effective within fifteen (15) days after the close of each Contract Quarter.
- I. Annual Adjustment
 - 1. For subsequent years of the contract, beginning on the first anniversary of the contract's effective date, customized prices in Table A under this contract will be the lesser of (a) the previous year's prices plus the most recent (as of the anniversary date) average increase in prices of general applicability, as calculated by the Postal Service, for Priority Mail Commercial Plus, or (b) the previous year's prices plus [REDACTED]
 - 2. Customized prices for the subsequent years will be calculated by the Postal Service and rounded up to the nearest whole cent. If the Postal Service maintains or decreases published rates of applicability for Priority Mail Commercial Plus, there shall be no change to contract pricing for that Contract Year.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed
as of the later date below:

UNITED STATES POSTAL SERVICE

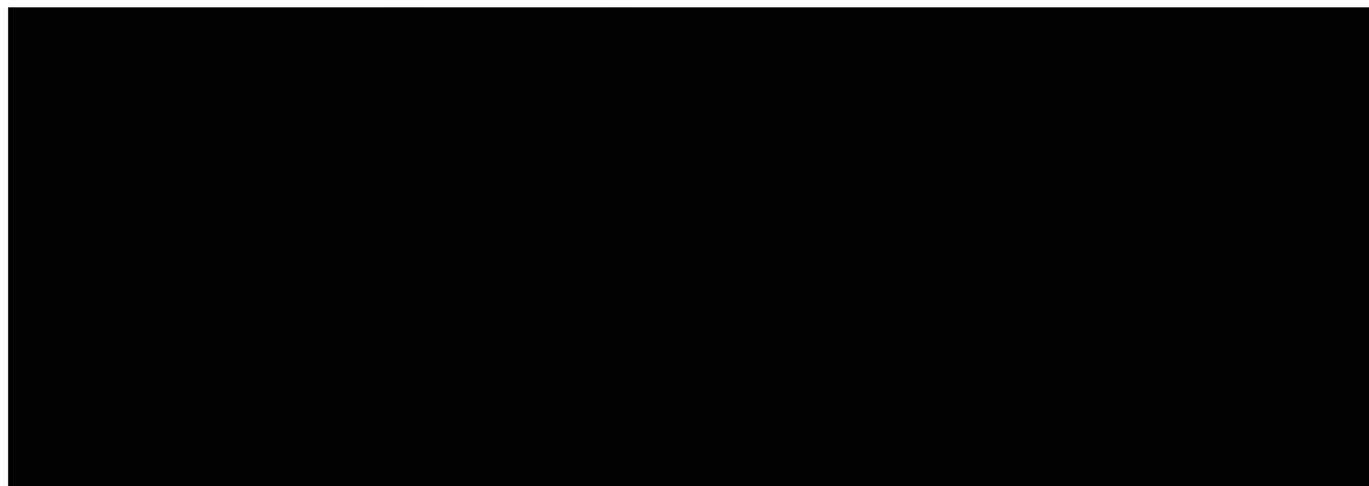
Signed by: _____

Printed Name: Cliff Rucker

Title: Vice President, Sales

Date: _____

JULY 6, 2016

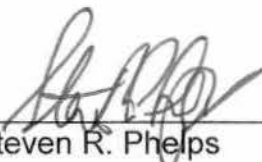


ATTACHMENT B
SIGNED CERTIFICATION

**Certification of Prices for Amendment to Priority Mail &
First-Class Package Service Contract 7**

I, Steven R. Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for the amendment to Priority Mail & First-Class Package Service Contract 7. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6).

I hereby certify, based on the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.



Steven R. Phelps